

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 SAJ-01 NIC-01

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FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 5974

INFO AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMCONSUL MUNICH

AMEMBASSY SOFIA

AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: ENRG, CZ

SUBJECT: IMPOSITION OF PETROLEUM CONSERVATION MEASURES

1. SUMMARY: CZECHOSLOVAKIA, WHICH UNLIKE SOME OTHER EAST EUROPEAN COUNTRIES HAD REFRAINED FROM OFFICIAL PETROLEUM CONSERVATION MEASURES OVER WINTER, INTRODUCED SUCH MEASURES OVER WEEKEND FOR GASOLINE AND (PARTLY) DIESEL FUEL. WE ASSUME NEW MEASURES ARE DESIGNED TO COVER POSSIBLE INCREASES IN PRICE OF IMPORTED (ALMOST ENTIRELY SOVIET) PETROLEUM AND/OR TO CUT DOWN ON AUTOMOTIVE FUEL CONSUMPTION. END SUMMARY.

2. IN TELEVISED SPEECH EVENING OF MARCH 29, MINISTER IN CHARGE OF FEDERAL PRICE OFFICE MICHAL SABOLCIK ANNOUNCED FOLLOWING MEASURES DESIGNED TO ASSURE "ECONOMICAL USE" OF PETROLEUM:

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A. REDUCTION BY 10 PER CENT FROM 1974 PLAN OF GASOLINE AND

DIESEL FUEL ALLOCATIONS TO STATE ORGANIZATIONS.

B. IMPOSITION OF NEW HIGHWAY SPEED LIMITS BY APRIL 30.

C. IMMEDIATE INCREASE IN RETAIL GASOLINE PRICES AS FOLLOWS:

(1) 76-OCTANE "REGULAR" FROM 2.10 KCS/LITER TO 4.00 KCS/LITER (APPROXIMATELY \$1.70/GALLON AT CURRENT TOURIST RATE OF EXCHANGE).

(2) 86-OCTANE "SPECIAL" FROM 2.40 TO 4.30 KCS/LITER (\$1.82/GALLON).

(3) 96-OCTANE "SUPER" FROM 3.00 TO 5.00 KCS/LITER (\$2.12/GALLON).

D. ABOLITION OF ROAD TAX ON PRIVATE VEHICLES, DESIGNED TO COMPENSATE PRIVATE MOTORISTS FOR GASOLINE PRICE INCREASES. (SABOLCIK NOTED THAT AUTOMOBILE OWNERS DRIVING LESS THAN 6,000 KMS PER YEAR - WHO CONSTITUTE 60 PER CENT OF CZECHOSLOVAK DRIVERS - WOULD ACTUALLY SAVE MONEY ON TRADE-OFF BETWEEN ROAD TAX ABOLITION AND GASOLINE PRICES INCREASES.)

E. INCREASE BY FACTOR OF APPROXIMATELY 100 PER CENT IN PRICE OF DIESEL FUEL USED BY "FOREIGN MEANS OF TRANSPORTATION" (PRESUMABLY FOREIGN TIR TRUCKS, ETC.) WHICH CARRY FREIGHT THROUGH AND/OR OUT OF CZECHOSLOVAKIA. NO CHANGE IN PRICE OF DIESEL FUEL FOR DOMESTIC CONSUMPTION.

F. NO INCREASE IN PRICES OF HEATING OIL, LUBRICANTS, OR OTHER OILS.

3. DESPITE "SWEETNER" OF ROAD TAX ABOLITION, GASOLINE PRICE INCREASE IS SURE TO BE UNPOPULAR WITH OWNERS OF CZECHOSLOVAKIA'S 1,100,000 PRIVATE VEHICLES, WHO WITH THEIR FAMILIES, REPRESENT A GOOD THIRD OF TOTAL POPULATION. AS PRICE INCREASE AHS HAS IMMEDIATE EFFECT, WHILE ROAD TAX ABOLITION IS LEGISLATE "PROPOSAL," DRIVERS WILL BE SADDLED WITH BOTH COSTS FOR AT LEAST PART OF 1974. NOTE THAT NEW PRICE LEVEL WILL MEAN THAT AVERAGE CZECHOSLOVAK WORKER WILL HAVE TO SPEND EQUIVALENT OF ONE FULL DAY'S WAGES FOR FUEL FOR A 250-KM DRIVE. ADDING TO UNPOPULARITY OF GASOLINE PRICE INCREASE WILL BE MAY 9 ABOLITION OF TRAMWAY AND BUS TRANSFERS IN PRAGUE; ALTHOUGH DAY TIME CITY FARE IS ONLY ONE CROWN, THE MANY PRAGUE WORKERS WHO MUST CHANGE BUSES OR TRAMS TWO OR THREE TIMES TO GET FROM HOME TO WORK WILL NO DOUBT GRUMBLE AT NEW MEASURE. ROAD TAX ABOLITION WILL, OF COURSE, BE OF NO COMFORT WHATEVER TO TENS OF THOUSANDS OF FOREIGN

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TOURISTS VISITING CZECHOSLOVAKIA BY AUTOMOBILE.

4. SABOLCIK WAS QUICK TO CALIM THAT SINCE MORE THAN 90 PER CENT OF CZECHOSLOVAKIA'S CRUDE OIL REQUIREMENTS ARE SATISFIED BY IMPORTS FROM USSR, THERE WOULD BE NO SHORTAGE FOR COVERAGE OF PLANNED NEEDS. DESPITE THIS OPTIMISM, MEASURES DESCRIBED ABOVE SEEM DESIGNED TO COVER POSSIBLE INCREASES IN PRICE OF IMPORTED PETROLEUM AND TO PUT A

DAMPER ON HIGH (FOR EASTERN EUROPE) LEVEL OF PRIVATE
MOTORING.
WORTZEL

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